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C O N F I D E N T I A L STATE 103229

E.O. 11652 ADS: MAY 2, 1976

TAGS: BEXP, IR

SUBJECT: ECONOMY AND FINANCE COMMITTEE APRIL 21-23 MEETINGS

REF: TEHRAN 4005

1. THE APRIL 21-23 MEETINGS OF THE ECONOMY AND FINANCE (E&F) COMMITTEE WERE MARKED BY A VERY POSITIVE, COOPERATIVE, UNDRAMATIC AND WORKMANLIKE APPROACH TO ALL PROBLEMS. COPIES OF AGREED MINUTES OF E&F COMMITTEE BEING POUCHED. CONFIDENTIAL STAMPED ON AGREED MINUTES AT MEHRAN'S REQUEST. FOLLOWING SUMMARY OF E&F COMMITTEE MEETINGS SHOULD SATISFY IMMEDIATE NEEDS OF EMBASSY.

2. HEALTH CARE: JOINT WORKING GROUP ON HEALTH WILL MEET AFTER COMPLETION OF FEASIBILITY STUDY NOW UNDERWAY TO EXAMINE SPECIFIC PLANS FOR THE SIZE AND LOCATION OF HEALTH FACILITIES. MEETING EXPECTED MID-SUMMER.

3. TRADE: IT WAS AGREED THAT THE TRADE TARGET OF 15 BILLION DOLLARS SET IN MARCH COULD BE ACHIEVED EARLIER
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THAN PREVIOUSLY ANTICIPATED. A NEW TARGET IN THE RANGE

OF 26 BILLION DOLLARS FOR NON-OIL, NON-MILITARY TRADE
1975-80 WILL BE PRESENTED FOR CONSIDERATION TO THE NEXT

SESSION OF THE JOINT COMMISSION OR AT SHAH'S VISIT. NEW
FIGURE INCLUDES 10 BILLION DOLLARS AGRICULTURAL AND 16
BILLION DOLLARS MANUFACTURED GOODS.

4. TRANSPORTATION: A WORKING GROUP ON TRANSPORTATION
INFRASTRUCTURE WAS ESTABLISHED TO DEVELOP COOPERATIVE
RELATIONSHIPS IN THE HIGHWAY, RAILROAD, PORT DEVELOPMENT,
AIRPORT AND URBAN TRANSPORTATION AREAS. IN JUNE IRANIAN
EXPERTS WILL VISIT THE U.S. FOR FAMILIARIZATION TOURS IN
EACH OF THE SUBGROUP AREAS. RETURN VISITS BY U.S. EXPERTS
WILL FOLLOW AS NECESSARY. THE IRANIAN SIDE AGREED TO
PROVIDE THE NECESSARY PLANNING DATA TO THE WORKING GROUP,
WHICH WILL RECOMMEND PROGRAMS FOR ACTION.

5. HOUSING: THE WORKING GROUP ON HOUSING AGREED TO
MAINTAIN CONTINUOUS CONTACT THROUGH MULTIPLE YEARLY MEET-
INGS TO EXCHANGE INFORMATION ON IRANIAN NEEDS AND RESOURCES
AND U.S. CAPABILITY. THE U.S. AGREED TO PROVIDE TECHNICAL
ASSISTANCE IN THE FOLLOWING AREAS: BUILDING SYSTEMS, MAJOR
PROJECT PLANNING, PROJECT MANAGEMENT TECHNIQUES, AND
PRICING AND FINANCE METHODS.

6. AGRICULTURE: THE TWO SIDES AGREED TO COOPERATE TO
ATTAIN GREATER FOOD PRODUCTION IN IRAN AND TO STRENGTHEN
INFORMATION EXCHANGE MECHANISMS FOR JOINT CAPITAL INVEST-
MENT AND SOURCES OF TECHNICAL EXPERTISE IN BOTH COUNTRIES.
LIAISON OFFICES WILL BE DESIGNATED BY BOTH GOVERNMENTS TO
HANDLE DAY-TO-DAY EXCHANGES OF INFORMATION. IT WAS AGREED
THAT THE DEVELOPMENT OF AN AGRICULTURAL PORT ON THE
PERSIAN GULF WOULD TAKE HIGHEST PRIORITY. THE U.S. AGREED
TO PROPOSE A STRATEGY TO THE IRANIANS FOR IMPLEMENTING
PLANS FOR THE DEVELOPMENT OF CENTERS OF AGRICULTURAL
TECHNICAL EXPERTISE IN SUCH AREAS AS JIROFT AND MINAB. THE
IRANIANS WILL SUBMIT A LIST OF ITS REQUIREMENTS FOR
AGRICULTURAL FERTILIZER, PESTICIDES, CHEMICALS AND
MACHINERY THROUGH THE DESIGNATED LIAISON OFFICES. THE
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U.S. AGREED TO FACILITATE ACTION BY THE U.S. PRIVATE
SECTOR TO MEET THESE REQUIREMENTS. DISCUSSIONS ALSO
INCLUDED JOINT VENTURES IN FERTILIZER AND PESTICIDES,
FEED MILLS, AND RELATED AGROINDUSTRIES. THE U.S. SIDE
AGREED TO FACILITATE AND ENCOURAGE U.S. PRIVATE SECTOR
INVOLVEMENT IN THESE PROJECTS. BOTH SIDES AGREED TO
NOMINATE, WITH A MONTH, MEMBERS FOR A JOINT U.S./
IRANIAN WORKING GROUP ON AGRICULTURAL TRADE. A LETTER OF

UNDERSTANDING WILL BE DEVELOPED PROPOSING AN EXTENSIVE PROGRAM OF TECHNICAL COOPERATION CONSULTATION, AND MAN-POWER TRAINING TO MEET IRAN'S AGRICULTURAL REQUIREMENTS.

7. FINANCE: THE FINANCE SUBCOMMITTEE CONTINUED THE DISCUSSIONS BEGUN IN TEHRAN IN MARCH. THE U.S. SIDE INDICATED ADMINISTRATION COMMITMENT TO FREE CAPITAL MOVEMENTS AND DESCRIBED THE RECENTLY ESTABLISHED HIGH-LEVEL INTERAGENCY COMMITTEE TO COORDINATE U.S. POLICY TOWARDS FOREIGN INVESTMENT IN THE U.S. AND THE MECHANISM BEING CREATED TO PROVIDE ALL GOVERNMENTS INTERESTED IN INVESTING IN THE U.S. WITH A SPECIFIC MECHANISM FOR INFORMAL GOVERNMENT-TO-GOVERNMENT ADVANCE CONSULTATIONS IN CASES WHERE PROPOSED, SPECIFIC GOVERNMENTAL INVESTMENTS MAY RAISE POLICY QUESTIONS FOR SIGNIFICANT PUBLIC OPPOSITION. TREASURY AGREED TO PROVIDE MORE DETAILED INFORMATION ON THESE MATTERS FOR REVIEW BY THE IRANIANS, AFTER WHICH A MEETING WILL BE HELD FOR FURTHER DISCUSSIONS. PLANS FOR A FINANCIAL CONFERENCE IN TEHRAN WERE DISCUSSED, AND IT WAS AGREED TO RECOMMEND TO THE IRANIAN-U.S. JOINT BUSINESS COUNCIL THAT IT ORGANIZE SAID CONFERENCE.

8. JOINT BUSINESS COUNCIL: THE IRANIANS WERE INFORMED THAT A CHAIRMAN (JOHN LOGAN, CHAIRMAN, UNIVERSAL OIL PRODUCTS) AND VICE CHAIRMAN (JAMES LINEN, FORMER CHAIRMAN, TIME, INC.) AND CERTAIN MEMBERS OF THE STEERING COMMITTEE HAD BEEN SELECTED. IT WAS AGREED THAT THE FIRST MEETING OF THE STEERING COMMITTEE WOULD BE HELD IN MID-MAY. THE IRANIANS AGREED TO PROCEED WITH FORMATION OF THE IRANIAN SIDE OF THE JOINT BUSINESS COUNCIL.

9. ECONOMY AND FINANCE COMMITTEE AGREED TO A MINIMUM OF CONFIDENTIAL

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TWO MEETINGS EACH YEAR. KISSINGER

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